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MANAGEMENT INFORMATION CIRCULAR AS AT JUNE 12, 2017

This Management Information Circular (“Information Circular”) is furnished in connection with the solicitation of proxies by management of Japan Gold Corp. for use at the annual general and special meeting (the “Meeting”) of shareholders of Japan Gold Corp. (“Shareholders”) to be held on July 14, 2017 and any adjournment or postponement thereof, for the purposes set forth in the attached Notice of Annual General and Special Meeting. Except where otherwise indicated, the information contained herein is stated as of June 12, 2017.

In this Information Circular, references to the “Company” and “we” refer to Japan Gold Corp. “Common Shares” means common shares without par value in the capital of the Company. “Registered Shareholders” means Shareholders whose names appear on the records of the Company as the registered holders of Common Shares. “Non-Registered Shareholders” means Shareholders who do not hold Common Shares in their own name. “Intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Non-Registered Shareholders.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged to send meeting materials directly to Registered Shareholders, as well as Non-Registered Shareholders who have consented to their ownership information being disclosed by the Intermediary holding the Common Shares on their behalf (non-objecting beneficial owners). We have not arranged for Intermediaries to forward the meeting materials to Non-Registered Shareholders who have objected to their ownership information being disclosed by the Intermediary holding the Common Shares on their behalf (objecting beneficial owners). As a result, objecting beneficial owners will not receive the Information Circular and associated meeting materials unless their Intermediary assumes the costs of delivery.

Appointment and Revocation of Proxies

The individuals named in the accompanying form of proxy (the “Proxy”) are officers of the Company or solicitors for the Company. **If you are a Registered Shareholder, you have the right to attend the meeting or vote by proxy and to appoint a person or company other than the person designated in the Proxy, who need not be a Shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of Proxy.**

If you are a Registered Shareholder you may wish to vote by proxy whether or not you are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by completing, dating and signing the enclosed form of proxy and returning it to the Company’s transfer agent, Computershare Trust Company of Canada (“Computershare”), in accordance with the instructions on the Proxy.

In all cases you should ensure that the Proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the proxy is to be used.

Every Proxy may be revoked by an instrument in writing:

- (i) executed by the Shareholder or by his/her attorney authorized in writing or, where the Shareholder is a company, by a duly authorized officer or attorney of the company; and
- (ii) delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, at which the Proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any adjournment thereof,

or in any other manner provided by law.

Only Registered Shareholders have the right to revoke a Proxy. Non-Registered Shareholders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective Intermediaries to revoke the Proxy on their behalf. If you are a Non-Registered Shareholder, see “Voting by Non-Registered Shareholders” below for further information on how to vote your Common Shares.

Exercise of Discretion by Proxyholder

If you vote by proxy, the persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (i) each matter or group of matters identified therein for which a choice is not specified;
- (ii) any amendment to or variation of any matter identified therein;
- (iii) any other matter that properly comes before the Meeting; and
- (iv) exercise of discretion of the Proxyholder.

In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter. Management is not currently aware of any other matters that could come before the Meeting.

Voting by Non-Registered Shareholders

The following information is of significant importance to Shareholders who do not hold Common Shares in their own name. Non-Registered Shareholders should note that the only Proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders.

If Common Shares are listed in an account statement provided to a Shareholder by an Intermediary, then in almost all cases those Common Shares will not be registered in the Shareholder’s name on the records of the Company. Such Common Shares will more likely be registered under the name of the Shareholder’s Intermediary or an agent of that Intermediary. In the United States, the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

If you have consented to disclosure of your ownership information, you will receive a request for voting instructions from the Company (through Computershare). If you have declined to disclose your ownership information, you may receive a request for voting instructions from your Intermediary if they have assumed the cost of delivering the Information Circular and associated meeting materials. Every Intermediary has its own mailing procedures and provides its own return instructions to clients. However, most Intermediaries now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in the United States and in Canada.

If you are a Non-Registered Shareholder, you should carefully follow the instructions on the voting instruction form received from Computershare or Broadridge in order to ensure that your Common Shares are voted at the Meeting. The voting instruction form supplied to you will be similar to the Proxy provided to the Registered Shareholders by the Company. However, its purpose is limited to instructing the Intermediary on how to vote on your behalf.

The voting instruction form sent by Computershare or Broadridge will name the same persons as the Company’s proxy to represent you at the Meeting. **Although as a Non-Registered Shareholder you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your Intermediary, you, or a person designated by you (who need not be a Shareholder), may attend at the Meeting as Proxyholder for your Intermediary and vote your Common Shares in that capacity.** To exercise this right to attend the meeting or appoint a Proxyholder of your own choosing, you should insert your own name or the name of the desired representative in the blank space provided in the voting instruction form. Alternatively, you may provide other written instructions requesting that you or your desired representative attend the Meeting as Proxyholder for your Intermediary. The completed voting instruction form or other written instructions must then be returned in accordance with the instructions on the form.

If you receive a voting instruction form from Computershare or Broadridge, you cannot use it to vote Common Shares directly at the Meeting. The voting instruction form must be completed as described above and returned in accordance with its instructions well in advance of the Meeting in order to have the Common Shares voted.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting other than the election of directors and as disclosed in “Particulars of Matters to be Acted Upon – Related Party Private Placement”. For the purpose of this paragraph, “person” shall include each person: (a) who has been a director, senior officer or insider of the Company at any time since the commencement of the Company’s last fiscal year; (b) who is a proposed nominee for election as a director of the Company; or (c) who is an associate or affiliate of a person as defined in (a) or (b).

RECORD DATE AND QUORUM

The board of directors (the “**Board**”) of the Company has fixed the record date for the Meeting as the close of business on June 12, 2017 (the “**Record Date**”). Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote their Common Shares at the Meeting, except to the extent that any such Shareholder transfers any Common Shares after the Record Date and the transferee of those Common Shares establishes that the transferee owns the Common Shares and demands, not less than ten (10) days before the Meeting, that the transferee’s name be included in the list of Shareholders entitled to vote at the Meeting, in which case, only such transferee shall be entitled to vote such Common Shares at the Meeting.

Under the Articles of the Company, the quorum for the transaction of business at a meeting of Shareholders is two shareholders at a meeting of Shareholders, present in person or by Proxy.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

On the Record Date there were 55,789,409 Common Shares issued and outstanding, with each share carrying the right to one vote. Only Shareholders of record at the close of business on the Record Date will be entitled to vote in person or by proxy at the Meeting or any adjournment thereof.

To the knowledge of the directors and executive officers of the Company, as of the date of this Information Circular, the Shareholders who beneficially own, or exercise control or direction, directly or indirectly, Common Shares carrying 10% or more of the votes attached to Common Shares are:

Name	Number of Common Shares Owned, or Controlled or Directed, Directly or Indirectly ⁽¹⁾	Approximate Percentage of Total Outstanding Common Shares
Southern Arc Minerals Inc.	23,750,000	42.57%

(1) The above information was derived from the shareholder list maintained by the Company’s registrar and transfer agent, or from insider and beneficial ownership reports available at www.sedi.com and www.sedar.com.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Company's directors, the only matters to be placed before the Meeting are those set forth in the accompanying Notice of Meeting and discussed below.

Presentation of Financial Statements

The audited consolidated financial statements of the Company for the financial year ended December 31, 2016, together with the auditor's report thereon, will be placed before the Meeting.

Election of Directors

The Company proposes to fix the number of directors of the Company at seven (7) and to nominate the persons listed below for election as directors. Each director will hold office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated. Management does not contemplate that any of the nominees will be unable to serve as a director. If, prior to the Meeting, any vacancies occur in the slate of nominees herein listed, it is intended that discretionary authority shall be exercised by the person named in the Proxy as nominee to vote the Common Shares represented by Proxy for the election of any other person or persons as directors.

The following table sets out the names of the director nominees; their positions and offices in the Company; principal occupations; the period of time that they have been directors of the Company; and the number of Common Shares that each beneficially owns or over which control or direction is exercised.

Name, Residence and Present Position within the Company	Director Since	Number of Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Discretion is Exercised ⁽¹⁾	Principal Occupation ⁽¹⁾
John Proust ⁽³⁾ British Columbia, Canada <i>Chief Executive Officer, Chairman and Director</i>	September 2016	100,000	Mr. Proust is an independent businessman and President of J. Proust & Associates Inc., through which Mr. Proust is the founder of numerous public and private companies, including the Southern Arc Minerals Inc. (Executive Chairman & CEO since Aug. 2004, and President from Aug. 2004 to Nov. 2010), TekModo Industries Inc. (director since Jul. 2015, Executive Director since Feb. 2017, Chairman and CEO from July 2015 to Feb. 2017), Canada Energy Partners Inc. (director since May 2006 and Chairman since Oct. 2009), and Pinedale Energy Limited (director since Dec. 2007, President and CEO from Mar. 2015 to May 2017). Mr. Proust is also a director of Q Investments Ltd. (since Jul. 2016) and non-executive director of Tethyan Resources Plc (since Dec. 2016). Mr. Proust was also a director (from Oct. 2010 to Jun. 2015) and Chief Executive Officer (from Jan. 2011 to Nov. 2014) of New Zealand Energy Corp., Chairman (from Aug. 2013 to Aug. 2015) and Interim Chief Executive Officer (from Aug. 2013 to Apr. 2015) of Eagle Hill Exploration Corporation, and a director of American Potash Corp. (from Mar. 2014 to Dec. 2014).

Name, Residence and Present Position within the Company	Director Since	Number of Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Discretion is Exercised ⁽¹⁾	Principal Occupation ⁽¹⁾
Michael Andrews ⁽⁴⁾⁽⁵⁾ St. Ouen, Jersey, Channel Islands <i>President, Chief Operating Officer and Director</i>	September 2016	500,000	Dr. Andrews, Ph.D. is a geologist with over 30 years of research and mining industry experience in gold, copper, coal and iron exploration. Dr. Andrews was formerly a founding director of Kingsrose Mining Ltd. (listed on the Australian Securities Exchange). He is currently President, Chief Operating Officer and a director of Southern Arc Minerals (since Jan 2005), director, President & CEO of Q Investments Ltd. (since July 2016), a non-executive director of Tethyan Resources Plc (since Dec. 2016), a director of Paragon Resources (Hong Kong) Ltd. and Pacific Goldfields Pty Ltd. Dr. Andrews was also a director (from August 2013 to August 2015) and Interim President (from August 2013 to April 2015) of Eagle Hill Exploration Corporation.
John Carlile ⁽⁵⁾ St. Brelade, Jersey, Channel Islands <i>Executive Vice President, Director</i>	September 2016	500,000	Mr. Carlile is a geologist with more than 35 years of experience in the resource industry. Mr. Carlile has held senior executive and director positions with both major and junior resource companies. Currently, Mr. Carlile is a director of Southern Arc Minerals (since Apr. 2015) and currently holds the position of non-executive director for Equator Gold Holdings Ltd. Mr. Carlile was formerly Managing Director and Chief Executive Officer of Arc Exploration Limited (from January 2008 to September 2013) and a non-executive director (from Oct 2013 to Oct 2016).
Robert Gallagher ⁽⁴⁾ British Columbia, Canada <i>Director</i>	September 2016	250,000	Mr. Gallagher has worked in the mining industry for over 40 years and has extensive experience in the development and operation of large-scale mining projects. He spent 15 years with Placer Dome Inc. and seven years with Newmont Mining Corp. Most recently, he was President, CEO (from Jun. 2008 to Jun. 2016) and a director of New Gold Inc. (from June 2008 to Apr. 2017). Mr. Gallagher was also a director of Dynasty Gold Corp. (from Jun. 2009 to Jun. 2017). He currently serves as a director of Capstone Mining Corp. (since Nov. 2016), and as a director of Southern Arc Minerals (since Jan. 2011).

Name, Residence and Present Position within the Company	Director Since	Number of Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Discretion is Exercised ⁽¹⁾	Principal Occupation ⁽¹⁾
Mitsuhiro Yamada ⁽⁵⁾ Tokyo, Japan <i>Director</i>	September 2016	Nil	Mr. Yamada is a mining business professional with international experience. He held increasing senior roles with Sumitomo Corporation, overseeing all aspects of mining projects from exploration through to production, and ultimately achieving the position of Executive Officer and General Manager of Mineral Resources before retiring in 2012.
Sally Eyre ⁽³⁾⁽⁵⁾ British Columbia, Canada <i>Director</i>	September 2016	Nil	Dr. Eyre Ph.D. is a mining finance professional with extensive experience in global resource capital markets and mining operations. She served as President and Chief Executive Officer of Copper North Mining (from Oct. 2011 to Jan. 2014). Dr. Eyre also served as President and Chief Executive Officer of Etruscan Resources Inc. (now Endeavour Mining Corp. from Mar. 2010 to Oct. 2010)), a gold company with producing assets in West Africa. Dr. Eyre currently serves as a director of Adventus Zinc Corp (since Jan. 2017).
David Farrell ⁽²⁾⁽³⁾⁽⁴⁾ British Columbia, Canada <i>Director</i>	September 2016	100,000	Mr. Farrell is a mining finance professional with more than 20 years of corporate, legal and mining experience. He has negotiated, structured and closed more than US\$25 billion worth of M&A transactions for resource companies. David Farrell is President of Davisa Consulting, a private consulting firm working with junior to mid-tier global mining companies. Prior to founding Davisa, he was Managing Director of Mergers & Acquisitions at Endeavour Financial. Prior to Endeavour Financial, David was a lawyer at Stikeman Elliott. David serves as a director of both Fortuna Silver Mines Inc. and Northern Vertex Mining Corp.

- (1) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of management of the Company and has been furnished by the respective nominees. Unless otherwise stated above, any nominees named above have held the principal occupation or employment indicated for at least the five preceding years.
- (2) Mr. Farrell owns 100,000 common shares through a private company called Davisa Capital Corp. (wholly owned by David Farrell).
- (3) Member of the audit committee of the Company.
- (4) Member of the compensation committee of the Company.
- (5) Member of the corporate governance/nomination committee of the Company.

No proposed director of the Company is, or within the 10 years prior to the date of this Information Circular, has been, a director or executive officer of any company that while that person was acting in that capacity:

- (a) was the subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or an order that denied the relevant company access to any exemption under securities legislation, for more than 30 consecutive days;
- (c) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (d) has individually, within the 10 years prior to this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

Appointment of Auditor

Management is recommending that Shareholders vote to appoint Ernst & Young LLP, of Suite 700 West Georgia Street, Vancouver, British Columbia, as auditors of the Company until the next annual meeting of Shareholders and to authorize the directors to fix their remuneration. The Board appointed Ernst & Young LLP as auditors of the Company effective March 21, 2017.

Approval of Stock Option Plan

At the Meeting, Shareholders of the Company will be asked to approve the continuation of the Company's stock option plan (the "**Plan**"). The purpose of the Plan is to provide an incentive to directors, employees and consultants to acquire a proprietary interest in the Company, to continue their participation in the affairs of the Company and to increase their efforts on behalf of the Company.

The following summary of the Plan does not purport to be complete and is qualified in its entirety by reference to the Plan. A full copy of the Plan will be available at the Meeting for review by Shareholders. Shareholders may also obtain copies of the Plan from the Company prior to the Meeting on written request.

Eligible Participants. Options may be granted under the Plan to directors and senior officers of the Company or its subsidiaries, management company employees (collectively, the "**Directors**"), employees of the Company or its subsidiaries (collectively, the "**Employees**") or consultants of the Company or its subsidiaries (collectively, the "**Consultants**"). The Board, in its discretion, determines which of the Directors, Employees or Consultants will be awarded options under the Plan.

Number of Shares Reserved. The number of Common Shares which may be issued pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding Common Shares at the date of granting of options (including all options granted by the Company prior to the adoption of the Plan and under the Plan). Options that are exercised, cancelled or expire prior to exercise continue to be issuable under the Plan.

Limitations. Under the Plan, the aggregate number of options granted to any one individual in a 12-month period must not exceed 5% of the issued and outstanding Common Shares of the Company, calculated on the date the option is granted. The aggregate number of options granted to any one Consultant in a 12-month period must not exceed 2% of the issued and outstanding Common Shares of the Company, calculated at the date the option is granted. The aggregate number of options granted to all persons retained to provide investor relations services to the Company (including Consultants and Employees or Directors whose role and duties primarily consist of providing investor relations services) must not exceed 2% of the issued and outstanding Common Shares of the Company in any 12-month period, calculated at the date an option is granted to any such person.

Term of Options. Subject to the termination and change of control provisions noted below, the term of any options granted under the Plan is determined by the Board and may not exceed ten years from the date of grant.

Exercise Price. The exercise price of options granted under the Plan is determined by the Board, provided that it is not less than the discounted market price, as that term is defined in the TSX Venture Exchange policy manual or such other minimum price as is permitted by the TSX Venture Exchange in accordance with the policies in effect at the time of the grant, or, if the Common Shares are no longer listed on the TSX Venture Exchange, then such other exchange or quotation system on which the Common Shares are listed or quoted for trading. The exercise price of stock options granted to insiders may not be decreased without disinterested Shareholder approval at the time of the proposed amendment.

Vesting. All options granted pursuant to the Plan will be subject to such vesting requirements as may be prescribed by the Exchange, if applicable, or as may be imposed by the Board.

Termination. Any options granted pursuant to the Plan will terminate upon the earliest of:

- (a) the end of the term of the option;
- (b) on the date the holder ceases to be eligible to hold the option (the “**Cessation Date**”), if the Cessation Date is as a result of dismissal for cause or regulatory sanction;
- (c) one year from the date of death or disability, if the Cessation Date is as a result of death or disability;
- (d) on such other date as fixed by the Board, provided that the date is no more than 90 days from the Cessation Date, if the Cessation Date is as a result of a reason other than death, disability or cause.

Disinterested Shareholder approval will be sought in respect of any material amendment to the Plan.

Shareholders will be asked at the Meeting to approve, with or without variation, the following ordinary resolution:

“BE IT RESOLVED as an ordinary resolution THAT:

- (a) the Company’s stock option plan be ratified, confirmed and approved, and that in connection therewith a maximum of 10% of the issued and outstanding Common Shares at the time of each grant be approved for granting as options; and
- (b) any director or officer of the Company be authorized and directed to do all acts and things and to execute and deliver all documents required, as in the opinion of such director or officer may be necessary or appropriate in order to give effect to this resolution.”

A copy of the Plan is available at the records office of the Company at Suite 1200 – 750 West Pender Street, Vancouver, British Columbia, Canada until the business day immediately preceding the date of the Meeting, and a copy will also be made available at the Meeting.

Related Party Private Placement

The Company proposes to complete a private placement (the “Private Placement”) of up to 12,500,000 units (“Units”) at a price of \$0.40 per Unit for gross proceeds of up to \$5,000,000. Each Unit will consist of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$0.40 per share for a period of 5 years from the closing date. Completion of the Private Placement is subject to receipt of regulatory and TSX Venture Exchange approvals.

Southern Arc Minerals Inc. (“Southern Arc”) proposes to purchase the 12,500,000 Units under the Private Placement. Upon completion of the Private Placement, Southern Arc would own 36,250,000 common shares of the Company, representing approximately 53.08% of the Company’s issued and outstanding shares.

Southern Arc currently owns an aggregate of 23,750,000 common shares of the Company, representing approximately 42.57% of the Company’s issued and outstanding common shares. Certain directors and/or officers of the Company are also directors and/or officers of Southern Arc. Southern Arc’s participation in the Private Placement will therefore be considered to be a “related party transaction” as defined under Multilateral Instrument 61-101 (“MI 61-101”) and is subject to the “minority approval” requirement in MI 61-101. Accordingly, the Company is seeking disinterested shareholder approval of the Private Placement from a simple majority of the votes cast at the Meeting in person or by proxy. The Private Placement is exempt from the formal valuation requirements of MI 61-101 pursuant to sections 5.5(b) and 5.5(c) thereof. No prior valuations in respect to this transaction have been obtained by the Company in the past 24 months and no such prior valuations are known to exist, after reasonable inquiry to the Company or any director or senior officer of the Company.

The independent directors of both the Company and Southern Arc have unanimously approved the terms of the Private Placement. In approving the terms of the Private Placement and Southern Arc’s investment opportunity in the Company, the independent directors of the Company considered the following:

- the Private Placement is priced at a significant premium to the current market price;
- Southern Arc is a knowledgeable existing long-term shareholder of the Company; and
- proceeds from the Private Placement will support two drilling programs in 2017 and finance the preparation for multiple project assessments and drilling programs in 2018.

There was no materially contrary view or any material disagreement between the Board in approving the terms of the Private Placement.

To be effective, the resolution approving the Private Placement requires the affirmative vote of at least a simple majority of the votes cast by Shareholders present in person or represented by proxy and entitled to vote at the Meeting, excluding votes cast by those persons whose votes must be excluded pursuant to MI 61-101. The votes attached to an aggregate of 25,110,000 Common Shares owned or controlled by the following persons will be excluded from voting in determining whether the Private Placement has been approved by disinterested Shareholders:

Name	Number of Common Shares ⁽¹⁾
Southern Arc Minerals Inc.	23,750,000
John Proust (a director and senior officer of Southern Arc)	100,000
Michael Andrews (a director and senior officer of Southern Arc)	500,000
Robert Gallagher (a director of Southern Arc)	250,000
John Carlile (a director of Southern Arc)	500,000
Vincent Boon (an officer of Southern Arc)	10,000
Total:	25,110,000

(1) Number of Common Shares held is as of the date hereof.

Neither the Company nor, to the knowledge of the Company after reasonable inquiry, Southern Arc have knowledge of any material information concerning the Company or the Company’s securities that has not generally been disclosed.

Disinterested shareholders will be asked to approve the following ordinary resolutions:

“BE IT RESOLVED that:

- (a) Southern Arc Minerals Inc. is hereby authorized and approved to purchase up to 12,500,000 units of the Company, each unit comprised of one common share and one common share purchase warrant of the Company, at a price of \$0.40 per unit. Each warrant is exercisable into a further common share of the Company at a price of \$0.40 per share for a period of 5 years from the closing date; and
- (b) any one director or officer of the Company is hereby authorized for and on behalf of the Company to take all such action, do all such things and execute under seal or otherwise and deliver or cause to be delivered all such documents that such director or officer deems necessary or desirable in furtherance of the foregoing resolutions.

Management and the Board of Directors of the Company unanimously recommend that the Shareholders vote in favour of the resolution to approve the Private Placement. In the absence of instructions to the contrary, the management proxyholders will vote the Common Shares represented by each form of proxy, properly executed, FOR approving the Private Placement.

OTHER BUSINESS

As of the date of this Information Circular, management of the Company knows of no other matters to be acted upon at the Meeting. However, should any other matters properly come before the Meeting, the Common Shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the Common Shares represented by the Proxy.

EXECUTIVE COMPENSATION

For the purposes set out below a “**Named Executive Officer**” or “**NEO**” means:

- (a) the Company’s chief executive officer (“**CEO**”);
- (b) the Company’s chief financial officer (“**CFO**”);
- (c) each of the Company’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

As at December 31, 2016, the end of the most recently completed financial year of the Company, the Company had two NEOs, whose names and positions held within the Company are set out in the summary compensation table below.

An NEO or director of the Company is not permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly by the NEO or director.

Director and Named Executive Officer Compensation

The following table is a summary of compensation (excluding compensation securities) paid to the directors and NEOs for each of the Company's two most recently completed financial years.

Table of compensation excluding compensation securities							
Name and position	Year Ended	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
John Proust ⁽¹⁾ <i>CEO and Director</i>	2016	35,000	Nil	Nil	Nil	Nil	35,000
	2015	N/A	N/A	N/A	N/A	N/A	N/A
Vincent Boon ⁽²⁾ <i>CFO</i>	2016	14,000	Nil	Nil	Nil	Nil	14,000
	2015	N/A	N/A	N/A	N/A	N/A	N/A
Peter Leitch ⁽³⁾ <i>Former CFO</i>	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
Michael Andrews ⁽⁴⁾ <i>President, COO, and Director</i>	2016	13,511	Nil	Nil	Nil	Nil	13,511
	2015	N/A	N/A	N/A	N/A	N/A	N/A
John Carlile ⁽⁵⁾ <i>Executive Vice President and Director</i>	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	N/A	N/A	N/A	N/A	N/A	N/A
Mitsuhiko Yamada ⁽⁶⁾ <i>Director</i>	2016	21,000	Nil	Nil	Nil	Nil	21,000
	2015	N/A	N/A	N/A	N/A	N/A	N/A
Robert Gallagher ⁽⁷⁾ <i>Director</i>	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	N/A	N/A	N/A	N/A	N/A	N/A
Sally Eyre ⁽⁸⁾ <i>Director</i>	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	N/A	N/A	N/A	N/A	N/A	N/A
David Farrell ⁽⁹⁾ <i>Director</i>	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	N/A	N/A	N/A	N/A	N/A	N/A
Jeff Durno ⁽¹⁰⁾ <i>Former President, CEO and Director</i>	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
Scott Ackerman ⁽¹¹⁾ <i>Former Director</i>	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
Thomas O'Neill ⁽¹²⁾ <i>Former Director</i>	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) John Proust was appointed as Chief Executive Officer and a director on September 15, 2016.
- (2) Vincent Boon was appointed as Chief Financial Officer on September 15, 2016.
- (3) Peter Leitch resigned as Chief Financial Officer on September 15, 2016.
- (4) Michael Andrews was appointed as President, Chief Operating Officer and a director on September 15, 2016.
- (5) John Carlile was appointed as Executive Vice President and a director on September 15, 2016.
- (6) Mitsuhiko Yamada was appointed as a director on September 15, 2016.
- (7) Robert Gallagher was appointed as a director on September 15, 2016.

- (8) Sally Eyre was appointed as a director on September 15, 2016.
(9) David Farrell was appointed as a director on September 15, 2016.
(10) Jeff Durno resigned as President, Chief Executive Officer and a director on September 15, 2016.
(11) Scott Ackerman resigned as a director on September 15, 2016.
(12) Thomas O'Neill resigned as a director on September 15, 2016.

Stock Options and Other Compensation Securities

The following table provides information on all compensation securities granted or issued to each director and NEO of the Company by the Company or its subsidiaries in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
John Proust <i>CEO and Director</i>	Options	1,400,000	Sept. 15, 2016	\$0.40	\$0.27	\$0.315	Sept. 15, 2026
Vincent Boon <i>CFO</i>	Options	125,000	Sept. 15, 2016	\$0.40	\$0.27	\$0.315	Sept. 15, 2026
Michael Andrews <i>President, COO, and Director</i>	Options	900,000	Sept. 15, 2016	\$0.40	\$0.27	\$0.315	Sept. 15, 2026
John Carlile <i>Executive Vice President and Director</i>	Options	475,000	Sept. 15, 2016	\$0.40	\$0.27	\$0.315	Sept. 15, 2026
Mitsuhiro Yamada <i>Director</i>	Options	100,000	Sept. 15, 2016	\$0.40	\$0.27	\$0.315	Sept. 15, 2026
Robert Gallagher <i>Director</i>	Options	200,000	Sept. 15, 2016	\$0.40	\$0.27	\$0.315	Sept. 15, 2026
Sally Eyre <i>Director</i>	Options	200,000	Sept. 15, 2016	\$0.40	\$0.27	\$0.315	Sept. 15, 2026
David Farrell <i>Director</i>	Options	200,000	Sept. 15, 2016	\$0.40	\$0.27	\$0.315	Sept. 15, 2026

The following table contains information on outstanding options of the Company held by directors and NEO's, as at the end of the most recently completed financial year.

Name and Position	Number of Options
John Proust, CEO and Director	1,400,000
Vincent Boon, CFO	125,000
Michael Andrews, President, COO and Director	900,000
John Carlile, Executive Vice President and Director	475,000
Mitsuhiko Yamada, Director	100,000
Robert Gallagher, Director	200,000
Sally Eyre, Director	200,000
David Farrell, Director	200,000

No compensation securities were exercised by a director or NEO during the Company's most recently completed financial year.

Stock option plans and other incentive plans

See "Approval of Stock Option Plan" above for the material terms of the Company's Plan. The Plan was previously approved by Shareholders at the 2016 annual general meeting held on September 15, 2016, and will be placed before the Meeting for shareholder approval.

Employment, consulting and management agreements

The Company does not have any contracts, agreements, plans or arrangements that provides for payments to a director or NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in an NEO's responsibilities.

Oversight and Description of Director and Named Executive Officer Compensation

The objective of the Company's compensation program is to compensate the executive officers for their services to the Company at a level that is both in line with the Company's fiscal resources and competitive with companies at a similar stage of development.

The Company compensates its executive officers based on their skill, qualifications, experience level, level of responsibility involved in their position, the existing stage of development of the Company, the Company's resources, industry practice and regulatory guidelines regarding executive compensation levels.

The Board has implemented three levels of compensation to align the interests of the executive officers with those of the Shareholders. First, executive officers may be paid a monthly consulting fee or salary. Second, the Board may award executive officers long term incentives in the form of stock options. Finally, and only in special circumstances, the Board may award cash or share bonuses for exceptional performance that results in a significant increase in Shareholder value. The Company provides medical and dental benefits but it does not provide pension or other benefits to the executive officers.

The base compensation of the executive officers is reviewed and set annually by the Board. The chief executive officer ("CEO") has substantial input in setting annual compensation levels. The CEO is directly responsible for the financial resources and operations of the Company. In addition, the CEO and Board from time to time determine the stock option grants to be made pursuant to the Company's stock option plan. Previous grants of stock options are taken into account when considering new grants. The Board awards bonuses at its sole discretion. The Board does not have pre-existing performance criteria or objectives.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependent on the Company's financial resources and prospects.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information as at the end of the Company's most recently completed financial year with respect to compensation plans under which equity securities of the Company are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plan (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by Shareholders	5,544,776	\$0.38	Nil
Equity compensation plans not approved by Shareholders	N/A	N/A	N/A
Total:	5,544,776	-	Nil

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Since the beginning of the most recently completed financial year, none of the directors, executive officers, employees, proposed nominees for election as directors or their associates have been indebted to the Company.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed below, since the commencement of the Company's most recently completed financial year, no informed person (a director, officer or holder of 10% or more of the Common Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction that has materially affected or would materially affect the Company or any of its subsidiaries.

The Company entered into an administrative services agreement dated September 16, 2016 with J. Proust & Associates Inc. ("JPA"). JPA is a private British Columbia company beneficially owned by John Proust. Pursuant to the agreement, JPA is paid a monthly fee for administrative, finance, and accounting services provided under the agreement. The Company is required to reimburse JPA for reasonable expenses incurred by JPA in connection with providing the services under the agreement. The agreement is for an indefinite term but may be terminated by either the Company or JPA on 90 days written notice. During the financial year ended December 31, 2016, the Company paid a total of \$102,900 to JPA.

MANAGEMENT CONTRACTS

Management functions of the Company or any of its subsidiaries are not to any substantial degree performed by anyone other than the directors or executive officers of the Company.

STATEMENT OF CORPORATE GOVERNANCE

Corporate Governance

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and charged with the day to day management of the Company. The Canadian Securities Administrators ("CSA") have adopted National Policy 58-201 Corporate Governance Guidelines, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, the CSA has implemented National Instrument 58-101 Disclosure of Corporate Governance Practices ("NI 58-101"), which prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

Board of Directors

The Board currently consists of seven members, John Proust, Michael Andrews, John Carlile, Mitsuhiro Yamada, Robert Gallagher, Sally Eyre, and David Farrell and it is proposed that all seven be nominated at the Meeting.

The Board has concluded that four directors, Mitsuhiro Yamada, Robert Gallagher, Sally Eyre, and David Farrell, are “independent” for purposes of membership on the Board, as provided in NI 58-101. John Proust, CEO, Michael Andrews, President and Chief Operating Officer, and John Carlile, Executive Vice President, are not “independent” for the purposes of membership on the Board, as provided in NI 58-101.

The independent directors do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. The Board facilitates open and candid discussion among its independent directors through collective communication among its directors and management.

Other Directorships

The following table sets forth the directors of the Company who are directors of other reporting issuers:

Name	Name of other reporting issuer
John Proust	Southern Arc Minerals Inc. TekModo Industries Inc. Canada Energy Partners Inc. Pinedale Energy Limited Q Investments Ltd.
Michael Andrews	Southern Arc Minerals Inc. Q Investments Ltd.
John Carlile	Southern Arc Minerals Inc.
Robert Gallagher	Southern Arc Minerals Inc. New Gold Inc. Dynasty Gold Corp.
Sally Eyre	Adventus Zinc Corp.
David Farrell	Fortuna Silver Mines Inc. Northern Vertex Mining Corp.

Orientation and Continuing Education

Orientation of new members of the Board is conducted informally by management and members of the Board. The Company has not adopted formal policies respecting continuing education for Board members.

Ethical Business Conduct

The Board has adopted a formal code of business conduct and ethics (the “Code”) with the goal of promoting the highest moral, legal and ethical standards and conduct within the Company. Compliance with the Code and high standards of business conduct is mandatory for every director, officer, employee and consultant of the Company. The Code provides general parameters to help directors, officers, employees and consultants regarding matters including: (a) honest and ethical conduct, (b) full, fair, accurate, timely and understandable disclosure, (c) compliance with laws, rules and regulations, and (d) administration.

Nomination of Directors

The Board has adopted a corporate governance/nominating committee charter. The Company’s corporate governance/nominating committee is comprised of Sally Eyre, Michael Andrews, John Carlile, and Mitsuhiro Yamada. The principal purpose of the corporate governance/nominating committee is to provide assistance to the Board in fulfilling its responsibility to the shareholders, potential shareholders, and the investment community by doing the following: (a) developing and recommending to the Board corporate governance principles applicable to the Company; (b) identifying and recommending qualified individuals for nomination to the Board for the next annual meeting of shareholders; and (c) providing such assistance as the Chair of the Board, if independent, or alternatively the lead director of the Board, may require.

Compensation

The Company's compensation committee is comprised of Robert Gallagher, Michael Andrews, and David Farrell. The Board has adopted a compensation committee charter. The compensation committee is responsible for reviewing and determining the adequacy and form of compensation paid to the Company's directors, executives and key employees. The compensation committee members evaluate the performance of senior management measured against the Company's business goals and industry compensation levels. The compensation committee is also responsible for and has authority to administer the Company's stock option plan and to make all decisions regarding option grants, including option terms and amendments, thereunder.

Board Committees

The Board has no committees other than the audit committee, compensation committee, and corporate governance/nominating committee.

Assessments

The Board annually, and at such other times as it deems appropriate, reviews the performance and effectiveness of the Board, the directors and its committees to determine whether changes in size, personnel or responsibilities are warranted. To assist in its review, the Board conducts informal surveys of its directors and receives a report from the audit committee respecting its effectiveness. As part of the assessments, the Board or the audit committee may review their respective mandate or charter and conduct reviews of applicable corporate policies.

AUDIT COMMITTEE

Audit Committee Disclosure

Pursuant to Section 224(1) of the British Columbia *Business Corporations Act* and National Instrument 52-110 of the Canadian Securities Administrators ("NI 52-110") the Company is required to have an audit committee (the "Committee") comprising not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company. NI 52-110 requires the Company as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth below.

The primary function of the Committee is to assist the Board in fulfilling its financial oversight responsibilities by: (i) reviewing the financial reports and other financial information provided by the Company to regulatory authorities and Shareholders; (ii) reviewing the systems for internal corporate controls which have been established by the Board and management; and (iii) overseeing the Company's financial reporting processes generally. In meeting these responsibilities the Committee monitors the financial reporting process and internal control system; reviews and appraises the work of external auditors and provides an avenue of communication between the external auditors, senior management and the Board. The Committee is also mandated to review and approve all material related party transactions.

The Audit Committee's Charter

The Company has adopted a Charter of the Audit Committee of the Board a copy of which is annexed hereto as Schedule "A".

Composition of the Audit Committee

The Committee comprises of the following members: David Farrell (Chair), John Proust, and Sally Eyre. Dr. Eyre and Mr. Farrell are considered to be independent. In addition, each member of the Committee is considered to be financially literate as defined by NI 52-110 in that they have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee are elected by the Board at its first meeting following the annual shareholders' meeting. Unless a chair is elected by the full Board, the members of the Committee designate a chair by a majority vote of the full Committee membership.

Relevant Education and Experience

David Farrell – Mr. Farrell is a mining finance professional with more than 20 years of corporate, legal and mining experience. This experience has provided Mr. Farrell with an understanding of the accounting principles used by the Company to prepare its financial statements. Mr. Farrell’s experience also allows him to analyze or evaluate the Company’s financial statements.

John Proust – Mr. Proust has advised public and private companies with respect to debt and equity financing, mergers and acquisitions and corporate restructuring since 1986. Mr. Proust has served on numerous boards and in several senior operating positions for both private and public companies. This experience has provided Mr. Proust with an understanding of the accounting principles used by the Company to prepare its financial statements. Mr. Proust’s experience also allows him to analyze or evaluate the Company’s financial statements.

Sally Eyre – Dr. Eyre is a mining finance professional with extensive experience in global resource capital markets and mining operations. This experience has provided Dr. Eyre with an understanding of the accounting principles used by the Company to prepare its financial statements. Dr. Eyre’s experience also allows her to analyze or evaluate the Company’s financial statements.

Audit Committee Oversight

Since the commencement of the Company’s most recently completed financial year, the Board has not failed to adopt a recommendation of the Committee to nominate or compensate an external auditor.

Reliance on Certain Exemptions

Since the commencement of the Company’s most recently completed financial year, the Company has not relied on the exemptions contained in sections 2.4, 6.1.1(4), 6.1.1(5), 6.1.1(6), or 8 of NI 52-110.

Pre-approval Policies and Procedures

The Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and where applicable the Committee, on a case-by-case basis.

External Auditor Service Fees

In the following table, “audit fees” are fees billed by the Company’s external auditor for services provided in auditing the Company’s annual financial statements for the subject year. “Audit-related fees” are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company’s financial statements. “Tax fees” are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. “All other fees” are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to its auditor in each of the last two fiscal years, by category, are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
2016	\$44,100	Nil	Nil	Nil
2015	\$6,120	Nil	Nil	Nil

Exemption

The Company is relying on section 6.1 of NI 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on the SEDAR website at www.sedar.com. Financial information is provided in the Company’s comparative annual financial statements and management’s discussion and analysis for its most recently completed financial year, and available online at www.sedar.com. Shareholders may request additional copies by mail to Suite 650 – 669 Howe Street, Vancouver, British Columbia, Canada, V6C 0B4.

DIRECTORS' APPROVAL

The contents and the sending of the Notice of Meeting and this Information Circular have been approved by the Board.

ON BEHALF OF THE BOARD OF DIRECTORS

"John Proust"

John Proust
Chief Executive Officer

Schedule “A”

Charter of the Audit Committee of the Board of Directors of Japan Gold Corp. (the “Company”)

AUDIT COMMITTEE CHARTER

Purpose

The overall purpose of the Audit Committee (the “Committee”) of **Japan Gold Corp.** (formerly SKY RIDGE RESOURCES LTD. or the “Company”) is to ensure that the Company's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements and related financial disclosure of the Company, and to review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information. It is the intention of the Board of Directors that through the involvement of the Committee, the external audit will be conducted independently of the Company's Management to ensure that the independent auditors serve the interests of Shareholders rather than the interests of Management of the Company. The Committee will act as a liaison to provide better communication between the Board of Directors and the external auditors. The Committee will monitor the independence and performance of the Company's independent auditors.

Composition, Procedures and Organization

- (1) The Committee shall consist of at least three members of the Board of Directors (the “Board”).
- (2) At least two (2) members of the Committee shall be independent and the Committee shall endeavour to appoint a majority of independent directors to the Committee, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Committee members' independent judgment. At least one (1) member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Company. For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.
- (3) The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
- (4) Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.
- (5) The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
- (6) The Committee shall have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
- (7) Meetings of the Committee shall be conducted as follows:
 - (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
 - (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee; and
 - (c) management representatives may be invited to attend all meetings except private sessions with the external auditors.

- (8) The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Company as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

Responsibilities and Duties

- (9) The overall duties and responsibilities of the Committee shall be as follows:
- (a) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly consolidated financial statements and related financial disclosure;
 - (b) to establish and maintain a direct line of communication with the Company's internal and external auditors and assess their performance;
 - (c) to ensure that the management of the Company has designed, implemented and is maintaining an effective system of internal financial controls; and
 - (d) to report regularly to the Board on the fulfilment of its duties and responsibilities.
- (10) The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
- (a) to recommend to the Board a firm of external auditors to be engaged by the Company, and to verify the independence of such external auditors;
 - (b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
 - (c) review the audit plan of the external auditors prior to the commencement of the audit;
 - (d) to review with the external auditors, upon completion of their audit:
 - i. contents of their report;
 - ii. scope and quality of the audit work performed;
 - iii. adequacy of the Company's financial and auditing personnel;
 - iv. cooperation received from the Company's personnel during the audit;
 - v. internal resources used;
 - vi. significant transactions outside of the normal business of the Company;
 - vii. significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
 - viii. the non-audit services provided by the external auditors;
 - (e) to discuss with the external auditors the quality and not just the acceptability of the Company's accounting principles; and
 - (f) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.

- (11) The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:
- (a) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
 - (b) review compliance under the Company's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;
 - (c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and
 - (d) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
- (12) The Committee is also charged with the responsibility to:
- (a) review the Company's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
 - (b) review and approve the financial sections of:
 - i. the annual report to Shareholders;
 - ii. the annual information form, if required;
 - iii. annual and interim MD&A;
 - iv. prospectuses;
 - v. news releases discussing financial results of the Company; and
 - vi. other public reports of a financial nature requiring approval by the Board, and report to the Board with respect thereto;
 - (c) review regulatory filings and decisions as they relate to the Company's consolidated financial statements;
 - (d) review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
 - (e) review and report on the integrity of the Company's consolidated financial statements;
 - (f) review the minutes of any Committee meeting of subsidiary companies;
 - (g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
 - (h) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and
 - (i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders.

- (13) The Committee shall have the authority:
- (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties;
 - (b) to set and pay the compensation for any advisors employed by the Committee; and
 - (c) to communicate directly with the internal and external auditors.